

Montana Waiver Request

WIOA Youth Waiver Request: Use of Individual Training Accounts for In-School Youth. Program Years 2023.

State of Montana

Montana Department of Labor & Industry

1. The statutory and/or regulatory requirements the state would like to waive:

The State of Montana is requesting a waiver to allow Montana's WIOA youth service providers to use Individual Training Accounts (ITAs) for in-school youth ages 16-21. The waiver impacts WIOA regulation 20 CFR 681.550 which prohibits youth providers from establishing Individual Training Accounts (ITAs) for WIOA in school youth.

According to current WIOA Regulations, ITAs are established on behalf of eligible clients to pay for approved training services. Currently, only out of school youth, ages 16 - 24 can utilize ITAs. Allowing ITAs for in school youth, providing them the same opportunities for support as out of school youth. This will strengthen the opportunity for Montana students to earn industry-recognized credentials while in school, in line with the Montana University System (MUS) One-Two-Free Program. If a student is interested, they can currently take two free courses through the MUS. Upon successful completion, a student can then take additional courses at 50% two-year resident tuition. This will help meet the goals of the governor, "providing our next generation with high-quality education and empowering our workforce with the skills they need to thrive".

2. Actions the state has undertaken to remove state or local barriers:

A barrier that may have been present previously was a lack of coordination of the State Workforce Innovation Board (SWIB) to collaboratively worked with core and other agency partners to ensure all state and federal resources are presented to Montanans to achieve their educational and career goals. With a reengaged SWIB, it has been determined through board and committee involvement that a reinvention of youth funds can benefit Montana's in-school youth by braiding funds to allow students the ability to earn an industry recognized credential, through multiple funding sources at the same time as they graduate from high school. This collaboration will also benefit retention, graduation, and credential rates throughout the state; both in rural and urban locations.

3. A description of the state's strategic goals

According to the [2022 State Plan Modifications](#):

The governor has reinvigorated a focus to repairing the disconnect between employers and educators, creating sustainable public-private partnerships to create direct to industry

workforce pipelines where workers are needed the most. The governor's Build Montana initiative recognizes that career and technical education (CTE) personalized to each student provides not only the technical skills for occupational advancement but also a vision for the student(s) of what a successful career in industry can mean for the student. Local school boards of trustees in Montana have broad powers to declare flexible course equivalencies and free student seat time in favor of work-based learning opportunities leading to industry credentialed learning.

In addition to ongoing efforts to engage partners and provide meaningful training and collaboration opportunities the state of Montana is focusing on collaborative projects to better serve customers across the state, including:

- Coordinating with industry, education, and workforce partners to understand and map credentials across agencies.
- Coordinating with industry, education, and workforce partners to understand and map credentials across agencies;
- Developing a state-wide work-based learning collaborative to better align opportunities across various state and local entities to streamline data, funding, and programmatic resources to benefit various educational opportunities; including but not limited to, on-the-job training, apprenticeships, stackable credentials, and degree programs.

Currently, the State of Montana provides minimal state funded post-secondary assistance directly to students. However, the Montana University System (MUS) has offered two free college dual enrollment (DE) courses to eligible students since 2018. During the 2021-2022 academic year alone, 6,578 high school students in Montana took college credit. After taking two free courses, high school students are charged half-price tuition, which is \$55/credit hour. The Montana University System estimates that students have had a 93% cost savings compared to the 4-year tuition in Montana. 60% of students who take dual enrollment credits enroll in an MUS institution within 2 years

- DE students have on average a .6 higher GPA
- DE students have a 15% higher retention rate
- DE students have 8.5% higher graduation rates

According to the Montana Office of Public Instruction, high school graduation rate has been trending at roughly 86% percent for over four years. The class of 2021 saw a small uptick above 86%, after a tough year due to the COVID-19 Pandemic. With this waiver, in-school youth, ages 16-21 can take advantage of adding to the number of subsidized courses, toward the goal of industry recognized certifications. The Montana University System currently has 145 certifications. With these combined programs, as student could earn a full credential, or a majority of the courses necessary, through the combined funding streams of 1-2-free and WIOA Youth.

This waiver request is consistent with our Governor's priority to provide our next generation with a high-quality education and to empower our workforce with the skills they need to thrive.

Specific to this broad goal, the Governor is working to align workforce and education programs with goals of student matriculation into careers, college, or credential programs, improving access to education opportunities for Montana students. The Governor is also prioritizing trades education to ensure Montana employers have a highly-skilled workforce.

The above waiver request will result in increased partnership and collaboration among the Montana Department of Labor & Industry, Montana Office of Public Instruction, Montana University System, and the State Workforce Innovation Board (SWIB).

Alongside this waiver request, Montana is also requesting a waiver from Section 129(a)(4)(A) and 20 CFR 681.410 which require not less than 75 percent of funds allotted to states under Section 127(b)(1)(c), reserved under Section 128(a), and available for statewide activities under subsection (b), and not less than 75 percent of funds available to local areas under subsection (c), shall be used to provide youth workforce investment activities for OSY.

Montana is requesting the following waivers to this statutory and regulatory provision:

1. A waiver of the requirement to expend 75 percent of funding on the OSY population. Montana is requesting that this percentage be lowered to 50 percent.
2. A waiver of the requirement that local funding meet the 75 percent minimum expenditure requirement. Montana requests that this percentage be lowered to 50 percent to align with the statewide target (see #1 above).
3. A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to reduce this percentage to 50 percent to allow flexibility of funding special projects that meet the vision and mission of the state.

The coordination of these two waivers will allow for flexibility to serve Montana students, especially in rural areas.

4. How this waiver compliments Department of Labor priorities

According to the [U.S. Department of Labor FY 2022-2026 Strategic Plan](#), the above waiver request will help fulfill the Mission of the US DOL, which is “To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees, of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.” Within this mission, the waiver request specifically related to Goal 1; Build Opportunity and Equity for All. For the Employment Training Administration, this goal focusses on ETA 1.1 to: “Create customer-focused workforce solutions that serve all workers, including underserved communities.” The combination of both waivers requested will help to provide credentialing opportunities to secondary students entering the workforce, especially within rural Montana. Montana has also under performed with WIOA Youth Performance Indicators, for a number of years. The above requested waivers will allow Montana to focus on reaching more in school youth, to assist with ensuring timely and successful graduation, retention with employment after 2nd quarter and 4th quarter, the credential attainment rate, and measurable skill gain. Service providers would have the flexibility to expend more funding toward in school

youth, if applicable, but successful providers may continue to serve clients in-school or out-of-school.

5. Quantifiable projected programmatic outcomes resulting from implementation of the waiver

Statewide implementation will begin when the waiver is approved through the end of PY 23. The State of Montana anticipates having a steady increase of enrollments over the next program year with the approval of this waiver.

Opportunities for ISY will include the pursuit of career pathways in high-demand occupations, increase training and employment outcomes, and stimulate youth to make their own choices. Specifically, the state anticipates a 20 – 25 percent increase in ISY enrollments yielding the following:

- 10 – 15 percent increase in ISY ITAs over the next two program years.
- At least 75 percent of our ISY enrolled in ITAs will earn an industry recognized credential and/or some other postsecondary credential; thus, increasing both credential attainment and measurable skill gains.
- The number of registered training providers serving youth on the Eligible Training Provider List (ETPL) will increase by at least 5 percent over the next program year.

Through this waiver, in school youth have the potential to obtain dual credit for both secondary and post-secondary course completion that will help improve Montana’s performance by obtaining credentials, measurable skills gains, and ultimately employment and wage gains.

Additionally, measurable goals to achieve regardless of the waiver approval include exceeding the WIOA Youth Program Expected and Negotiated Levels of Performance. For the 2023 Program year those are highlighted below:

	TITLE I – YOUTH PROGRAM			
	PROGRAM YEAR: 2022		PROGRAM YEAR: 2023	
	EXPECTED LEVEL	NEGOTIATED LEVEL	EXPECTED LEVEL	NEGOTIATED LEVEL
EMPLOYMENT (SECOND QUARTER AFTER EXIT)	60.0%	58.0%	60.0%	58.0%
EMPLOYMENT (FOURTH QUARTER AFTER EXIT)	55.0%	55.0%	55.0%	55.0%

MEDIAN EARNINGS (SECOND QUARTER AFTER EXIT)	\$3,200	\$3,200	\$3,200	\$3,200
CREDENTIAL ATTAINMENT RATE	45.0%	50.0%	45.0%	50.0%
MEASURABLE SKILL GAINS	45.0%	50.0%	45.0%	50.0%

Addressing workforce needs centered on preparing students before they graduate from high school. Top solutions from the 2020 Montana Chamber of Commerce Workforce Development survey are as follows:

1. 80% agreed that school districts should be incentivized to put equal emphasis on all career pathways
2. 80% agreed that school districts should be required to incorporate workforce readiness skills in their curriculum
3. 77% agreed that career advising in middle and high school needs to be strengthened
4. 73% agreed that business and economics education should be required in middle and high school

Other top solutions include:

5. Increased support for education and skill-attainment programs for adults
6. Require science, technology, engineering, and math (STEM) education in 6-12 grades
7. Create more registered apprenticeship programs
8. Increase support for government-funded workforce training centers
9. Promote policies to lower housing costs
10. Provide financial aid incentives for students in high-demand fields
11. Increase support for government-funded childcare

Items 1, 2, 3, 5, and 10 are partially addressed with this waiver request, allowing more funding opportunities to students and their career aspirations. With these increased opportunities,

Waiver Goals and Outcomes

Goal: Increase services to youth in our local schools and communities, despite their educational status to earn industry recognized credentials alongside high school diplomas.

Expected Outcome: Approval of this waiver request will allow the state to balance the focus of funds and services on engaging in-school youth to persist in their educational goals through additional dual enrollment opportunities. Ultimately, the goal is for in-school youth to earn an industry recognized credential alongside their high school diploma. It is much more cost-effective to keep youth enrolled in school and engaged in a career pathway, which in the long run, can secure quality jobs in in-demand careers.

Goal: Supporting students in school through successful graduation and transition into post-secondary education and employment.

Approval of this waiver will provide greater opportunity for youth to complete high school and continue on a pathway toward multiple career and educational opportunities, including apprenticeship programs, short-term certificates, associate or bachelor degrees, and sustainable employment.

Goal: Improved flexibility of state, local and statewide activities funding to best meet the needs of our citizens and businesses.

Expected Outcome: Approval of this waiver will allow for innovative strategies to address barriers facing at-risk youth on an individualized basis and encourage innovative strategies to address student retention, engagement, transition, and successful outcomes. This waiver will also improve the ability of students to align career aspirations and design stackable credentials with the workforce and economic needs of the local and state needs.

The WIOA encourages strong partnerships to leverage resources and increase opportunities for youth. In the past year, Montana has appointed a Director of Strategic Engagement at the Montana Department of Labor & Industry and a Montana Ready Coordinator at the Montana Office of Public Instruction to better align education and workforce to encourage employer specific workforce pipelines. Additionally, input and implementation will be in coordination with the state's education system, including the Montana University System. The focus is to connect applicable state and local agency efforts in an effort to assist youth, including at-risk youth, in leveraging resources and aligning successful program models that lead to student persistence, retention, completion, career awareness, and employment opportunities.

6. Individuals, groups, or populations benefiting, or otherwise impacted by the waiver, or from the waiver.

Montana's low-income, at-risk youth, and adult population, American Job Centers (AJC) and subcontracted service provider staff, Montana employers/business/industry, parents, teachers, and school counselors will benefit from the waiver, if approved.

7. How the state plans to monitor waiver implementation, including collection of measurable waiver outcome information.

- A formal monitoring will be conducted by the entity designated by the SWIB.
- The WIOA Title I youth program manager(s) will provide technical assistance to case managers.
- Service providers are required to verify eligibility for the Youth program. Guidance on the program's eligibility, the application, and related timeliness for reporting participant information is available in the [WIOA Operations Manual](#).

Notice to Local Boards and Public Comment

- **Provide notice to any local board affected by the waiver;**
- **Provide any local board affected by the waiver an opportunity to comment on the request;**
- **Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**
- **Collect and report information about waiver outcomes in the State's WIOA Annual Report**

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